

8/4/78

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Memo	Lipshutz to Pres. Carter, w/attachments 2 pp. re:personal matter	8/3/78	C
Memo	Hugh Carter to Pres. Carter, 1 pg re:Air Force One <i>opened per RAC NLC-126-13-36-1-7, 6/12/13</i>	8/4/78	A

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THE PRESIDENT'S SCHEDULE

Friday - August 4, 1978

7:00 Dr. Zbigniew Brzezinski - The Oval Office.

-- 7:30 Breakfast with Vice President Walter F.
(90 min.) Mondale, Secretaries Cyrus Vance and Harold Brown, Dr. Zbigniew Brzezinski and Mr. Hamilton Jordan - The Cabinet Room.

9:00 Secretary James Schlesinger - The Cabinet Room.

9:30 Mr. Frank Moore - The Oval Office.

9:40 Congressman John J. McFall. (Mr. Frank Moore).
(3 min.) The Oval Office.

9:43 Mr. Robert Matsui, Democratic Congressional
(3 min.) Candidate, 3rd District, California. (Mr. Frank Moore) - The Oval Office.

9:45 Signing Ceremony - H.R. 11504 - Agricultural Credit
(10 min.) Assistance Act of 1978. (Mr. Frank Moore).
The Rose Garden.

10:30 Mr. Jody Powell - The Oval Office.

11:00 Mr. Charles Schultze - The Oval Office.
(20 min.)

11:30 Meeting With Top Delegates to the U.S.-ASEAN
(20 min.) Ministerial Meeting. (Dr. Zbigniew Brzezinski).
The Cabinet Room.

1:30 Business Week Interview. (Mr. Jerry Rafshoon).
(60 min.) The Oval Office.

2:45 Ambassador Robert McCloskey. (Dr. Zbigniew
(10 min.) Brzezinski) - The Oval Office.

8:30 Depart South Grounds via Motorcade en route
Marine Barracks.

9:00 Marine Corps Reception and Parade.

THE WHITE HOUSE
WASHINGTON

August 4, 1978

Frank Moore

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON

Frank
done
J

CONGRESSIONAL TELEPHONE CALL

TO: Majority Leader Jim Wright
David Obey (D. Wisc.)
Matt McHugh (D. NY)

DATE: August 4, 1978

RECOMMENDED BY: Frank Moore *F.M./BR*

PURPOSE: To thank them for their help on foreign aid.

BACKGROUND: Foreign aid will be debated on Friday morning and then pulled. As of this time we think it will come up again after the recess.

TOPICS OF DISCUSSION: 1. We still have a long way to go on foreign aid, but that you are grateful to them for their work.

ADDITIONAL NOTE: When you talk to Jim Wright, stress your interest in seeing Gas and Civil Service move up on the schedule.

Date of submission: August 4, 1978

cc: Rick Hutcheson
Phil Wise

McHugh: "Bill should come up prior to recess"
Wright: "Agenda already overloaded"
Obey: "Send letters to all who supported us on Young amendment"

THE WHITE HOUSE
WASHINGTON

August 4, 1978

Jack Watson

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been sent to Stripping for mailing.

Rick Hutcheson

cc: Bob Strauss
Anne Wexler
Charlie Schultze
Landon Butler
Stripping

THE WHITE HOUSE

WASHINGTON

August 1, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

JACK WATSON
GENE EIDENBERG

*Jack
Gene*

SUBJECT:

State and Local Government Contribution
to the Anti-Inflation Program

Working with Landon Butler's "anti-inflation group", we have developed a proposal for the New Coalition to work with the Administration in putting together a specific anti-inflation program for state and local governments. As you know, the New Coalition is composed of representatives of the

National Governors Association;
National Conference of State Legislatures;
National Association of Counties;
United States Conference of Mayors; and
National League of Cities.

The proposal is to have the New Coalition staff, working with Strauss, Bosworth, Schultze and others, develop a range of specific steps which states, counties and cities can take to combat inflation. The agenda would focus, for example, on health costs, building codes, local zoning laws, state regulations and the inflationary impacts of federal policies on state and local government. Each government entity would identify and adapt those remedial actions appropriate to its fiscal, employment and regulatory situation.

The process would be initiated by a letter from you to the Chairman of the New Coalition, Governor Milliken of Michigan. After August 29, the Chairman will be Governor Julian Carroll of Kentucky. (A proposed letter from you to Milliken is attached.)

Governor Carroll has been briefed and is very supportive. The staff directors of each organization within the New Coalition have been briefed and are supportive as well.

If the staff work is successful, we contemplate inviting the principals of the Coalition to the White House for a brief meeting with you at the conclusion of the group's work. Such a meeting will be an excellent public demonstration of your effort to get control of public sector forces contributing to our current inflation.

cc: Landon Butler

THE WHITE HOUSE

WASHINGTON

August 4, 1978

To Governor William Milliken

As you know, I have no higher domestic priority than curbing the currently unacceptable rate of inflation.

I am writing to you in your capacity as Chairman of the New Coalition, to solicit the Coalition's participation in a coordinated attack on inflation in the public sector.

Although each level of government will always make its own decisions on levels of service, wages, productivity and all the other issues that affect the rate of inflation, the national interest would be very well served if we could identify a range of specific steps each level of government could take to assist in the effort to reduce inflation.

I believe it is preferable for representatives of state and local government, working with my Administration, to develop a range of options for each level of government rather than to have the national government produce such a plan alone.

Once such options are identified, they can be adapted by each governor, state legislature, county board and mayor to the particular circumstances of each state and local jurisdiction.

I have asked Jack Watson to coordinate this effort with you and have directed the appropriate senior members of my Administration to provide whatever staff and technical assistance is required to accomplish the task.

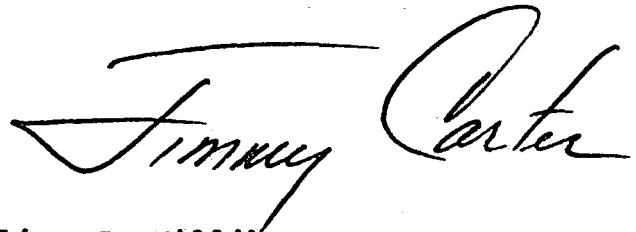
Although the agenda will, of course, be set by the New Coalition, I hope it will include the following issues:

- (1) Health costs
- (2) Insurance regulations
- (3) Fiscal policy
- (4) Utilities regulation
- (5) Regulatory reform
- (6) Licensing standards

I would also be greatly assisted by the specific recommendations of the Coalition of those administrative actions my Administration could take to reduce the inflationary pressures on state and local government caused by federal policy.

I appreciate your help and the help of the New Coalition on this vitally important undertaking.

Sincerely,

A handwritten signature in dark ink, reading "Jimmy Carter". The signature is fluid and cursive, with the first name "Jimmy" and the last name "Carter" clearly distinguishable.

The Honorable William G. Milliken
Governor of Michigan
Lansing, Michigan 48910

THE WHITE HOUSE
WASHINGTON

August 4, 1978

Anne Wexler
Stu Eizenstat
Jack Watson

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling. Phil says the time mentioned in the memo will not work.

Rick Hutcheson

cc: Phil Wise
Fran Voorde

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
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Note to Anne, Stg, Tech. Phil says
 The time mentioned
 in the memo
 will not work

ACTION
FYI

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<input type="checkbox"/>	VANCE

THE WHITE HOUSE
WASHINGTON

August 3, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Anne Wexler *Anne*
Jack Watson *Jack*
Stu Eizenstat *Stu*

SUBJECT: Urban Policy: Signing of Executive Orders
and Briefing for Interest Groups

The four Executive Orders promised under the urban policy are now ready for your signature. You have indicated your desire to sign them in connection with an urban policy event.

We would like to arrange a major briefing of interest groups on the status of the urban policy at which time you would announce the signing of the four Executive Orders, the transmittal of the Biennial Urban Policy Report to the Congress would be announced, and we would release a new publication on accomplishments in improving existing federal urban programs.

Approximately 200 representatives of urban interest groups and the media would be invited. The event, in Room 450 OEOB, would require approximately 15 minutes of your time. Fran Voorde has suggested 2:00 p.m. on August 16, if you concur. A draft agenda is attached.

Our intent is to focus attention on the non-legislative portions of the urban policy. This would be the beginning of a concentrated effort for public understanding of the impact of your urban policy on improving the administration of existing programs and making more efficient use of existing resources.

Attachment

☒ I concur. Please proceed.

☐ I do not concur. Please consider other options for the signing of Executive Orders.

Briefing of Urban Interest Groups on the Urban Policy

Attendees: 200 representatives of urban interest groups--
state, local, neighborhood, economic development,
business, labor, voluntary associations, etc.
(List of organizations and individuals under
development by Anne Wexler's office.)

Location: Room 450, Old EOB

Time: August 16, 1978
2:00 p.m.
One to one and one-half hours

Tentative Agenda:

2:00 - 2:15	President Carter opens the briefing with Remarks on Urban Policy Progress; Announces Signing of Four Executive Orders.
2:15	President Leaves
2:18	Briefing and Q&A's on Executive Orders Urban Impact Analysis - Stu Eizenstat Interagency Coordinating Council - Jack Watson
2:35	Announcement of Urban Policy Report Transmittal - Patricia Harris
2:40	Status of Urban Policy Legislation - Anne Wexler
2:50	Briefing on Base Program Improvements - Stu Eizenstat
3:00	Questions and Answers Responders: Eizenstat Watson Wexler Salamon
3:15	Closing Remarks - Anne Wexler

WASHINGTON

DATE: 04 AUG 78

FOR ACTION:

INFO ONLY: PHIL WISE

FRAN VOORDE

SUBJECT: WEXLER EIZENSTAT WATSON MEMO RE URBAN POLICY: SIGNING
OF EXECUTIVE ORDERS FOR INTEREST GROUPS

+++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: +

+++++

ACTION REQUESTED:

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE
WASHINGTON

August 4, 1978

Frank Moore

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Phil Wise
Fran Voorde

TENNIS

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	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
✓	MOORE
✓	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
✓	VOORDE
	WARREN
✓	WISE

THE WHITE HOUSE

WASHINGTON

August 3, 1978

MEMORANDUM FOR:

THE PRESIDENT

FROM:

FRANK MOORE

F.M. JR

SUBJECT:

Tennis Game with a
Member of Congress
Monday, August 7.

Time has been set aside on Monday at 4:30 p.m. for you to play tennis with a Member of Congress.

I recommend that I invite Senator Chiles and ask him to invite two other Senators to play doubles.

☒ APPROVE

☐ DISAPPROVE

☐ OTHER:

[Handwritten signature]

THE WHITE HOUSE

WASHINGTON

August 4, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

ANNE WEXLER *AW*

Tom Jolly has brought to my attention that the American Council on Education has sent a mailing to its 1,500 member institutions which is supportive of civil service reform. Although the Council can not specifically endorse our proposals, the materials in effect accomplish the same thing.

Therefore, I recommend that you send a letter of appreciation to Jack W. Peltason, President of the American Council on Education. A draft is attached.

Attachment

THE WHITE HOUSE
WASHINGTON

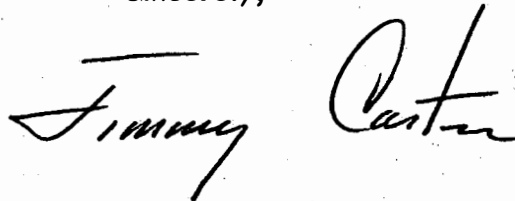
August 14, 1978

To Jack Peltason

I want to express my personal appreciation for your informing the member institutions of the American Council on Education about civil service reform and its importance to higher education. A more efficient and effective Federal bureaucracy should have a beneficial impact on institutions of higher education, particularly given their close relationship to the Federal government.

I join with you in the desire to make Federal employment a more attractive and rewarding career, and one which is highly respected by the American public. We are undertaking the first major reform of civil service in 92 years, and I believe that this reform will be important in accomplishing these objectives.

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned below the word "Sincerely,".

Mr. Jack W. Peltason
President
American Council on Education
One Dupont Circle
Washington, D.C. 20036

THE WHITE HOUSE
WASHINGTON
August 4, 1978

Jerry Rafshoon

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
✓	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ARAGON
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	GAMMILL
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	JAGODA
	LINDER
	MITCHELL
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	PETTIGREW
	PRESS
✓	RAFSHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE

WASHINGTON

August 4, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: JERRY RAFSHOON

JR

Enclosed herewith is a script for the Spanish language radio network which would be the first of a series of short broadcasts by you and Rosalynn in the Spanish language.

Please review this and make any changes before we have it translated. We can then record both you and Rosalynn and send it out. This has been checked with those involved in Hispanic politics.

*Keep English
& Spanish language
very simple -
J*

cc: Mrs. Carter

RADIO SCRIPT FOR SPANISH INFORMATION SERVICE

DRAFT #4

8/3/78

THE PRESIDENT: Hello. This is President Jimmy Carter. I am very glad that my wife Rosalynn and I have this opportunity to talk with you.

This is the first in a series of broadcasts I'll be making on this station. Each one will be a brief message of special interest to Hispanic-Americans. I'll discuss job opportunities, human rights, and education, among other topics.

These are some of the same issues I discussed with Hispanic leaders on my recent trip to Texas. Vice-President Mondale has also met with Hispanic leaders from many of the ^{your} ~~national~~ Hispanic organizations . ~~including LULAC, the Puerto Rican Legal Defense Fund, and the Cuban American Coalition.~~

We ^{know} ~~have found~~ that jobs are a ^{great problem} ~~primary~~ concern. And ~~my~~ ^I ~~Administration is committed to~~ improving employment opportunities for Hispanic people in both government and private enterprise. (change in unemp rate?)

~~One way to accomplish this is through Civil Service reform.~~

I have proposed to the Congress ^{changes in the} ~~a reorganization of~~ Civil Service, ^{open more} ~~which will increase~~ federal employment ^{jobs} ~~opportunities~~ for Hispanics. ^{laws}

We need more Hispanics in every level of government. And ^{we} ~~my Administration has~~ ^{I have} already named more than 110 Hispanic persons to high level positions -- many more than in any past administration.

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8/3/78

They include: Joseph Aragon, Special Assistant to the President; Gloria Molina, Associate Director, Office of Presidential Personnel; Richard Hernandez, Deputy Assistant to the President; Arabella Martinez, Assistant Secretary for Human Development; Dr. Blandina Cardenas, Commissioner, Administration for Children, Youth & Families; Leonel Castillo, Commissioner, Immigration & Naturalization; Graciela Olivarez, Director, Community Services Administration; William Medina, Assistant Secretary for Administration, Department of Housing and Urban Development; Gilbert Pompa, Director, Community Relations Service, U.S. Department of Justice; and John Huerta, Deputy Assistant Attorney General, Civil Right Commission, Department of Justice.

Eliminate
Official titles,
describe what
they do -
with equal
brevity

I plan to continue ^{this progress} ~~appointing~~ ^{top} Hispanics ... ~~not in just~~ ^{which are} ~~showcase positions, but in positions where they can effect policy~~ that is important to all Hispanics ... particularly in our judicial system.

^{My wife}
Rosalynn is here with me, and she would like to share some of her experiences with you.

THE FIRST LADY: It is a pleasure, and an honor, to share in this broadcast. Jimmy has mentioned some of his domestic programs. We are also working on an international level with many other nations in the Western Hemisphere.

For example, our first state visitor after we moved into the White House was President Lopez Portillo of Mexico. I had

SPANISH INFORMATION SERVICE

8/3/78

attended his inauguration shortly before I attended Jimmy's.

Last year I also visited seven Latin American countries. There I found great friendship for the people of the United States. And what I learned in Latin America has been of great help to Jimmy.

THE PRESIDENT: Even though we have made great progress, there are still problems we must solve.

In future programs, I'll talk about human rights, and what ^{*we are doing*} ~~I've done~~ to prevent police mistreatment of Hispanic-Americans. This is an issue of particular concern to me.

I'll also tell you about the bilingual educational programs I've proposed for your local schools. And the ^{*actions we are taking to*} ~~proposals I've made to Congress that will increase the amount of federal contracts and purchases to help~~ *with minority businesses, owned by Hispanic Americans.*

In the coming months, I will continue to meet with spokesmen of ^{*your*} ~~our~~ Hispanic communities. Working together, we can improve the quality of life of Hispanic-Americans.

Rosalynn and I both thank you for this opportunity to speak to you.

THE FIRST LADY: Yes, thank you, and goodbye.

THE WHITE HOUSE

WASHINGTON

August 4, 1978

~~CONFIDENTIAL~~

MEMORANDUM FOR THE PRESIDENT

FROM: HUGH CARTER *He*

SUBJECT: Secure Voice Capability on Air Force One

Several years before you became President, the Air Force One aircraft had secure voice communications installed only to be removed because of the poor voice quality.

Since you have been in office, we have had the White House Communications Agency and the Air Force working to upgrade the quality to an acceptable level. They have now achieved this objective, and we have had a secure voice telephone installed in your stateroom on the Air Force One aircraft.

The system is currently limited in that it can only be used within the continental United States, and there are some minor coverage limitations within that boundary. However, I feel this is a big step forward, as you normally have secure voice communications only when you are on the ground.

To initiate a secure call, request your party through the aircraft radio operator on the white, non-secure telephone in the stateroom. He will place the call and notify you on the white telephone that the call has been completed and your party is available on the red, secure telephone.

~~CONFIDENTIAL~~

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Per: Rac Project

ESDN: NLC-126-13-36-1-7

BY *KS* NARA DATE *6/19/13*

1:30 PM

THE WHITE HOUSE

WASHINGTON

August 3, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

JERRY RAFSHOON *JR*

SUBJECT:

BUSINESS WEEK MAGAZINE INTERVIEW

FRIDAY, AUGUST 4, 1978, 1:30P (1 hour)

Attached are briefing materials for your interview with Business Week magazine. The attendees will be Lewis Young, Editor in Chief, Robert Farrell, Washington Bureau Chief, and Lee Walczak, White House correspondent.

I am also including a copy of the Washington Outlook page from this week's Business Week. Note article "Insiders and Outsiders".

Over the next ninety days you will have a series of major television, newspaper and magazine interviews. Taken as a whole, this is your best opportunity to impress clearly on the public consciousness your principal themes and priorities. To do this, you must be thematic. Each interview should leave a clear impression of who you are and what you're trying to do. Your answers should not be designed to impress the interviewer but to deliver a clear, simple and memorable message to the reader or viewer. This will mean, among other things, simple repetition of your basic points within each interview and throughout the series.

Our basic theme is: GETTING CONTROL. You, as President, are attempting to lead the nation in getting control of our most basic problems -- energy, the economy, the government. You should avoid dwelling on foreign affairs. You can answer such questions briefly and then return to domestic matters by saying: "Our strength abroad depends upon our strength at home which is why I'm so concerned about our problems with energy, inflation and getting control of our own government."

The "Getting Control" theme unites the many different efforts you have been making (since nearly all of them involve wrestling with long-neglected problems); it explains some of the difficulties we have encountered (since these

issues are intractable, and dealing with them is an unglamorous task); and it highlights their importance, since dealing with them successfully will mean a fundamental change in the quality of our national life.

Following are some general subjects on which you are likely to be asked questions and on which you definitely want to dwell -- even if not asked. In each section the major thematic point that you should make is stated first -- in capital letters. Remember, these are exclusive interviews with the President of the United States. They will run even if the interviewer thinks you have been too simple or repetitive or unresponsive. So, forget the interviewer; speak to the reader or viewer and repeat your themes simply and forcefully over and over and over.

GENERAL ("What are the goals of your Administration?")

WE NEED TO GET CONTROL OVER THE MAJOR PROBLEMS THAT FACE OUR COUNTRY AND THERE ARE THREE THAT ARE PARTICULARLY IMPORTANT: ENERGY, THE ECONOMY, AND OUR OWN GOVERNMENT. DURING THE CRISES OF VIETNAM AND WATERGATE WE NEGLECTED THESE CRITICAL AREAS OF OUR NATIONAL LIFE. SINCE 1974 OIL IMPORTS HAVE DOUBLED AND WE STILL HAVE NO ENERGY POLICY IN THIS COUNTRY. INFLATION HAS BEEN WITH US FOR TEN YEARS NOW AND IS STILL GROWING. WHEN I CAME INTO OFFICE UNEMPLOYMENT WAS NEARLY EIGHT PERCENT -- MUCH TOO HIGH. OUR GOVERNMENT IS TOO BIG, OUR BUREAUCRACY UNMANAGEABLE, OUR TAXES TOO HIGH. EVERYTHING I HAVE DONE SINCE BECOMING PRESIDENT HAS BEEN DESIGNED TO LEAD OUR NATION TOWARDS BETTER CONTROL OF THESE AND OTHER IMPORTANT PROBLEMS.

ACHIEVEMENTS

SINCE I TOOK OFFICE, I HAVE BEEN WORKING TO HELP OUR NATION GET CONTROL OF THE MOST SERIOUS AND IMPORTANT ISSUES BEFORE IT, AND I THINK WE HAVE MADE SUBSTANTIAL PROGRESS. THE NUMBER OF UNEMPLOYED AMERICAN WORKERS HAS DROPPED BY NEARLY ONE-FIFTH, AND UNEMPLOYMENT IS AT ITS LOWEST LEVEL SINCE 1974. WE HAVE MADE SIGNIFICANT GAINS IN REAL INCOME AND IN HOUSING STARTS. WE HAVE PASSED A \$21 BILLION PROGRAM FOR FURTHER ECONOMIC RECOVERY AND ENSURED THE VIABILITY OF SOCIAL SECURITY THROUGH THE YEAR 2000. WE ARE BRINGING THE FEDERAL BUREAUCRACY UNDER CONTROL FOR THE AMERICAN PEOPLE, REDUCING WASTE, RED-TAPE AND UNNEEDED DELAY. OUR NATION HAS STRENGTHENED ITS RELATIONS WITH OUR NATO ALLIES, AND WITH THE COUNTRIES OF LATIN AMERICA AND AFRICA, AND WE'RE RESPECTED THROUGHOUT THE FREE WORLD FOR ONCE AGAIN PUTTING OUR NATION'S NAME FORWARD IN THE NAME OF HUMAN RIGHTS. I THINK WE'RE RESTORING OUR PEOPLE'S TRUST IN THEIR GOVERNMENT, WHICH IS MOST IMPORTANT OF ALL, AND I WILL CONTINUE TO WORK TO EARN THAT TRUST WITH FURTHER PROGRESS LIKE WE HAVE MADE IN THE LAST 18 MONTHS.

THE POLLS

I LEARNED AS GOVERNOR OF GEORGIA THAT YOU CAN'T RUN A GOVERNMENT ON THE BASIS OF THE OPINION POLLS. IN THE SHORT TIME THE ADMINISTRATION HAS BEEN IN OFFICE, WE HAVE TRIED TO TAKE ON SOME OF THE MOST DIFFICULT ISSUES OUR NATION FACES -- ENERGY, INFLATION, TAKING CONTROL OF THE GOVERNMENT. ANYONE WHO WANTS TO TAKE THE LEAD ON A DIFFICULT ISSUE HAS TO INVEST A LOT OF TIME EXPLAINING AND EDUCATING. FOUR YEARS AGO, WHEN I WAS SAYING WE NEEDED TO MAKE GOVERNMENT MORE COMPETENT, MANY PEOPLE THOUGHT THAT WAS A STRANGE THEME FOR A DEMOCRATIC CANDIDATE. NOW IT'S WIDELY RECOGNIZED AS ONE OF OUR MAJOR POLICY CHALLENGES. I THINK THE POLLS REFLECT DISAPPOINTMENT WITH THE PACE OF PROGRESS, RATHER THAN DISAGREEMENT WITH OUR GOALS. I HAVE BEEN DISAPPOINTED WITH THE PACE TOO -- AND I AM CONFIDENT THAT WE ARE STARTING TO MOVE MUCH MORE QUICKLY NOW.

-- (We recommend not dwelling on the details of the polls -- such as regional breakdowns or personal popularity versus performance rating -- since that suggests that you are spending your time poring over the results instead of charting your own independent course.)

ENERGY

8X in
6 yrs

THE LONGER WE GO WITHOUT A NATIONAL ENERGY PLAN,
THE MORE WE HURT OUR INTERNATIONAL RELATIONS, OUR DOLLAR,
OUR ECONOMY, AND OUR NATIONAL SECURITY. MORE THAN HALF
OUR OIL COMES FROM ABROAD. THESE HUGE IMPORTS -- UP FROM
\$4.7 BILLION IN 1972 TO \$42 BILLION TODAY -- FUEL INFLATION
AND LEAVE OUR ECONOMY AT THE MERCY OF A FOREIGN CARTEL.
WITHOUT AN ENERGY PLAN, WE WILL CONTINUE TO WASTE MORE
ENERGY THAN ANY NATION ON EARTH. CONGRESS HAS MADE
ENCOURAGING PROGRESS ON MANY PARTS OF THE ENERGY PLAN I
PROPOSED MORE THAN A YEAR AGO. HOW WELL IT DOES WITH THE
REST WILL TELL WHETHER WE ARE MATURE ENOUGH AS A NATION TO
PUT BROAD NATIONAL INTEREST AHEAD OF NARROW SPECIAL INTERESTS.
I THINK WE ARE.

Answers to specific questions likely to be raised:

Q: Will OPEC raise oil prices later this year?

A: There is a world surplus of oil right now. I hope
OPEC nations will see that their long-term interest lies
in strengthening the world economy by keeping prices stable.
Our own long-term interest lies in the adoption of a sound
national energy plan.

Q: What about basing oil prices on the value of some "basket" of currencies, to make up for the dollar's decline?

A: There is no reason to anticipate a long-term depreciation of the dollar in terms of other currencies. Besides, the dollar will move up and down over time relative to any basket of currencies. And the dollar's relative purchasing power is now only slightly below its early 1974 level, just after the big increase in oil prices. Moreover, we are determined to take the fundamental measures on inflation, energy and exports which are necessary to strengthen the dollar. I'm sure the OPEC countries will take these measures into account.

UNEMPLOYMENT

IN THE 18 MONTHS SINCE THE ADMINISTRATION PROPOSED ITS ECONOMIC STIMULUS PACKAGE, OUR NATION HAS ENJOYED ONE OF THE MOST DRAMATIC ECONOMIC IMPROVEMENTS IN OUR HISTORY. SIX MILLION MORE PEOPLE ARE AT WORK TODAY THAN AT THE END OF 1976. THE NUMBER OF UNEMPLOYED PEOPLE HAS FALLEN BY 17 PERCENT AND THE UNEMPLOYMENT RATE HAS GONE DOWN BY MORE THAN 1 1/2 PERCENTAGE POINTS. WE'VE SAVED \$18 BILLION IN UNEMPLOYMENT INSURANCE AND MORE THAN \$4 BILLION IN WELFARE THAT WE WOULD HAVE HAD TO PAY IF THE RATE HAD NOT COME DOWN.

18 un^Σ
4 W
22

THERE ARE STILL TOO MANY PEOPLE OUT OF WORK -- ESPECIALLY AMONG THE YOUNG AND MANY MINORITY GROUPS -- BUT THE PROGRESS SO FAR PROVES THE SUCCESS OF THE BALANCED, TARGETED STIMULUS PLAN WE PROPOSED LAST YEAR. THE SAME CAREFUL APPROACH WILL ENABLE US TO CONTINUE REDUCTIONS IN UNEMPLOYMENT -- WHILE FIGHTING TODAY'S MAIN ECONOMIC PROBLEM, WHICH IS INFLATION.

INFLATION

OUR NATION HAS MADE VERY STRONG ECONOMIC PROGRESS
IN THE LAST 18 MONTHS -- WE'VE CUT THE RANKS OF THE
UNEMPLOYED BY NEARLY ONE-FIFTH SINCE I BECAME PRESIDENT.
BECAUSE OF THIS, WE'VE BECOME VERY AWARE OF THE INFLATION
PROBLEM, WHICH HAS BEEN WITH US NOW FOR TEN YEARS, AND
WON'T GO AWAY EASILY. IT WILL BE A LONG, TOUGH STRUGGLE,
BUT I AM CONFIDENT THAT WE WILL SLOW INFLATION AND
EVENTUALLY "TOP THE CURVE." I HAVE CALLED FOR A
VOLUNTARY EFFORT TO MODERATE OUR WAGE AND PRICE DEMANDS,
TO WHICH MANY LABOR AND BUSINESS LEADERS HAVE ALREADY
POSITIVELY RESPONDED, AND SUBMITTED A FEDERAL BUDGET
WHICH GREATLY REDUCES WASTE AND UNNEEDED SPENDING. IT
ISN'T EASY TO SAY "NO" TO ANY SPENDING PROGRAM -- ESPECIALLY
THOSE WITH TANGIBLE BENEFITS -- BUT AS PRESIDENT I AM
WILLING TO PROTECT THE OVER-ALL INTERESTS OF THE AMERICAN
PEOPLE, AND SAY "NO" TO SELFISH SPECIAL INTERESTS,
REGARDLESS OF THE POLITICAL CONSEQUENCES.

76-60
78-50
79-40
80-30

NATIONAL HEALTH INSURANCE

MY PHILOSOPHY IS TO CONCENTRATE NOT JUST ON THE INTENTIONS OF GOVERNMENT PROGRAMS, BUT ON THEIR REAL-WORLD EFFECT. THE BEST INTENTIONS IN THE WORLD WILL DO NO GOOD UNLESS WE KNOW HOW TO PAY FOR THEM AND HOW TO CARRY THEM OUT. SO I THINK A RESPONSIBLE, PHASED APPROACH TO HEALTH INSURANCE IS ONE THAT WILL MAKE SURE WE GET THE RESULTS WE WANT, AND WILL GIVE US CONTROL OVER THE COSTS. THE LAST THING WE NEED IS ANOTHER PROGRAM WE CAN'T AFFORD AND CAN'T MANAGE. I DISAGREED WITH ~~(DOUG FRASER AND)~~ SENATOR KENNEDY ON NATIONAL HEALTH INSURANCE BECAUSE ^{HIS} ~~THEIR~~ APPROACH GAVE INADEQUATE ATTENTION TO INFLATION.

THE PLAN I HAVE PROPOSED WILL PROTECT AMERICAN FAMILIES FROM CATASTROPHIC MEDICAL CARE COSTS; IT WILL GIVE US CONTROL OVER SOARING MEDICAL COSTS; AND IT WILL LET US LOOK AT EACH STEP ALONG THE WAY, SO THAT WE WILL KNOW EXACTLY WHAT THE COSTS ARE BEFORE WE GO AHEAD. IT'S A HARDER FIGHT TO CONTROL SOARING MEDICAL COSTS THAN JUST TO POUR MORE MONEY INTO THE SWOLLEN MEDICAL CARE SYSTEM. BUT THAT IS THE FIGHT WE'RE GOING TO MAKE.

CIVIL SERVICE REFORM

THE FISCAL 1979 BUDGET PROVIDES MORE THAN \$50 BILLION FOR SALARIES AND BENEFITS, NOT INCLUDING POSTAL SERVICE AND THE MILITARY. TAXPAYERS HAVE A RIGHT TO EXPECT A GOOD RETURN ON THIS INVESTMENT. BUT TOO OFTEN THE FEDERAL CIVIL SERVICE REWARDS MEDIOCRITY ALMOST AS WELL AS MERIT. THE CIVIL SERVICE REFORMS I HAVE PROPOSED TO CONGRESS WOULD DO SOMETHING ABOUT THAT. THEY ARE DESIGNED TO LET MANAGERS MANAGE, WHILE AT THE SAME TIME PROTECTING CIVIL SERVANTS FROM IMPROPER POLITICAL INTERFERENCE OR ABUSE. THEY ARE DESIGNED TO RESTORE THE BELIEF -- WHICH MOST OF US GREW UP TAKING FOR GRANTED -- THAT CIVIL SERVANTS SHOULD SERVE THE CITIZENS. THEY ARE DESIGNED TO REWARD MERIT AND EXCELLENCE IN PERFORMANCE. THROUGHOUT THE COUNTRY THERE HAS BEEN OVERWHELMING PUBLIC SUPPORT, BUT THE OPPONENTS OF CIVIL SERVICE REFORM ARE MARSHALLING THEIR FORCES TO GUT THE BILL. THEY ARE TRYING TO DELAY IT TO DEATH. IF THIS BILL DOESN'T PASS IN THIS SESSION OF CONGRESS IT WILL BE MUCH, MUCH HARDER TO IMPLEMENT GOVERNMENT REORGANIZATION, IMPROVE THE MANAGEMENT OF THE FEDERAL BUREAUCRACY, AND ENHANCE THE PROTECTIONS OF THE MERIT SYSTEM. THE STAKES ARE VERY HIGH.

BUDGET

THE FEDERAL BUDGET WHICH I PROPOSED ELIMINATES UNNEEDED SPENDING AND WASTE, AND GOES A LONG WAY TOWARD MEETING THE GOAL OF ELIMINATING THE FEDERAL DEFICIT. IT PROVIDES THE AMERICAN PEOPLE WITH THE SERVICE THEY DESERVE, AND ENSURES THAT THEY GET THE MOST FOR EVERY TAX DOLLAR. WE ARE STRENGTHENING OUR COMMITMENT TO SUCH PROGRAMS AS EDUCATION, HEALTH, CIVIL RIGHTS ENFORCEMENTS, JOB TRAINING, AND REVITALIZING OUR URBAN COMMUNITIES. WE ARE MAINTAINING AND IMPROVING NEEDED SOCIAL PROGRAMS. BUT WE ARE CUTTING THE FAT OUT WHEREVER WE FIND IT, TIGHTENING UP OUR BUDGET, AND MAKING SURE THAT OUR GOVERNMENT EFFICIENTLY MEETS THE NEEDS OF OUR PEOPLE. THIS WAS THE FIRST BUDGET FOR WHICH MY ADMINISTRATION HAD A FULL YEAR TO PREPARE, AND IT WAS THE FIRST TO USE ZERO-BASED BUDGETING. WE HAVE SUCCEEDED THROUGH THIS TECHNIQUE IN REDUCING WASTEFUL SPENDING, AND I AM SURE THAT AS IT IS MORE FULLY IMPLEMENTED, WE WILL CONTINUE TO PROVIDE MORE EFFICIENT, LESS-COSTLY SERVICE FOR THE AMERICAN PEOPLE.

(Note: Specific illustrations of effect of Zero-Based Budgeting are coming from OMB)

KEMP-ROTH

THE DIFFERENCE BETWEEN MYSELF AND CONGRESSMAN KEMP AND SENATOR ROTH ON THIS ISSUE IS SIMPLY A DISAGREEMENT OVER STRATEGY, AND THE REASON WE DISAGREE IS THAT THEIR STRATEGY IS UNSOUND. THEY THINK YOU CAN KEEP SPENDING UNCHANGED AND JUST CUT TAXES WITHOUT PRODUCING AN APPALING BUDGETARY DEFICIT, AND THEY ARE WRONG. TO CUT TAXES ON THE SCALE THEY PROPOSE WOULD AGGRAVATE THE DEFICIT, IGNITE A WILDFIRE OF INFLATION, AND PUNISH EVERY AMERICAN FAMILY WITH PRICE INCREASES THAT WOULD MORE THAN CONSUME ANYTHING THEY MIGHT HAVE SAVED IN TAXES. MY OWN ECONOMIC STRATEGY IS TO START AT THE BEGINNING -- BY RESTRAINING GOVERNMENT SPENDING, SO THAT WE CAN CUT TAXES, AND ELIMINATE THE BUDGET DEFICIT AS A RESULT. I THINK THAT'S A LOT FAIRER AND A LOT MORE LOGICAL. THE AMERICAN PEOPLE KNOW THERE'S NO SUCH THING AS A FREE LUNCH.

CAPITAL GAINS

EVERYONE AGREES WE NEED MORE CAPITAL FORMATION -- WE NEED IT TO BOOST PRODUCTIVITY, TO INCREASE EXPORTS, AND TO AVOID INFLATIONARY BOTTLENECKS. THAT'S WHY I INCLUDED A \$7 BILLION CUT IN TAXES ON CAPITAL INCOME AS PART OF MY TAX PROGRAM. BUT CUTTING THE CAPITAL GAINS TAX ITSELF IS NOT THE BEST, NOR THE MOST DIRECT WAY, TO ACCOMPLISH THE GOAL WE ALL FAVOR. IT'S A PREMATURE STEP, AN UNWISE STEP; BUT IF CONGRESS CHOOSES TO GO AHEAD WITH IT, THEY SHOULD UNDERSTAND THAT I AM GOING TO JUDGE THEIR FINAL PRODUCT VERY CLOSELY TO SEE IF IT IS FAIR AND EFFICIENT. IF IT ISN'T -- IF THE BILL THEY PASS LOSES TOO MUCH REVENUE, FAILS TO ENCOURAGE SUFFICIENT CAPITAL FORMATION, OR DOESN'T OFFER ENOUGH HELP FOR MIDDLE-INCOME INVESTORS AND HOMEOWNERS -- THEN I CAN'T SEE ANY REASON WHY I OUGHT TO SIGN IT.

TAXES

I WANT AN ACROSS-THE-BOARD TAX CUT OF ABOUT \$15 BILLION A YEAR. I'D LIKE IT TO BE EVEN BIGGER, BUT WE HAVE TO LIVE IN THE REAL WORLD WITH THE HARD FACTS OF INFLATION AND BUDGET DEFICITS. ONE REPUBLICAN PROPOSAL, THE KEMP-ROTH PLAN, WOULD CREATE A \$100 BILLION DEFICIT BY 1980. ANOTHER -- THE STEIGER-JONES PLAN -- WOULD CUT TAXES FOR PEOPLE EARNING \$25,000 A YEAR BY EXACTLY 25 CENTS A YEAR. THREE THOUSAND PERSONS EARNING MORE THAN A MILLION DOLLARS A YEAR WOULD GET AVERAGE TAX CUTS OF \$215,000 AND 110 RICH AMERICANS WOULD WIND UP PAYING NO FEDERAL INCOME TAX AT ALL. MY MORE MODERATE TAX DECREASE WILL STIMULATE THE ECONOMY, DISTRIBUTE THE TAX BURDEN MORE FAIRLY, AND CREATE JOBS BY PROMOTING CAPITAL FORMATION. IF A BILL COMES OUT OF CONGRESS THAT FULFILLS THESE GOALS, I WILL SIGN IT.

BONN SUMMIT

THE AGREEMENTS REACHED AT THE ECONOMIC SUMMIT WILL MEAN MORE JOBS FOR AMERICAN WORKERS, MORE MARKETS FOR AMERICAN EXPORTS, MORE PROGRESS TOWARD CONTROLLING AMERICA'S ENERGY PROBLEMS. THE KEY TO THIS SUCCESS WAS A SERIES OF COOPERATIVE AGREEMENTS, IN WHICH ALL SIDES AGREED TO HELP EACH OTHER. GERMANY AND JAPAN AGREED TO EXPAND THEIR ECONOMIES, WHICH WILL BOOST OUR EXPORT INDUSTRIES. ALL OUR PARTNERS AGREED ON NEW RULES FOR FREER TRADE, WHICH WILL MEAN LOWER PRICES FOR OUR CONSUMERS. THESE AGREEMENTS WILL NOT SOLVE OUR PROBLEMS OVERNIGHT, BUT THEY GIVE US THE TOOLS WE NEED TO IMPROVE OUR ECONOMIC PERFORMANCE. WHETHER OR NOT WE CAN USE THOSE TOOLS DEPENDS ON OUR PROGRESS IN THE TWO CRUCIAL AREAS OF FIGHTING INFLATION AND REDUCING OUR WASTEFUL IMPORTS OF FOREIGN OIL.

THE DOLLAR

A STRONG AND STABLE DOLLAR IS ESSENTIAL TO OUR PROSPERITY AND TO THAT OF OUR ALLIES. WE EXPECT THE DOLLAR TO STABILIZE DURING THE REST OF THIS YEAR, AND WE'RE GOING TO DO WHAT IT TAKES TO MAKE THAT HAPPEN. MORE THAN ANYTHING ELSE, THAT MEANS CONTROLLING OUR ENERGY PROBLEMS SO THAT WE IMPORT LESS OIL, AND SLOWING OUR RATE OF INFLATION. THOSE ARE THE TWO ESSENTIAL STEPS TOWARD A HEALTHIER ECONOMY AND A MORE STABLE DOLLAR. THE AGREEMENTS WE REACHED AT THE BONN SUMMIT AND AT THE MULTI-LATERAL TRADE NEGOTIATIONS WILL ALSO BOLSTER OUR COMPETITIVE POSITION. OVERALL, THE LONG-TERM OUTLOOK FOR THE DOLLAR IS GOOD.

TRADE

OUR AIM IN THE CURRENT TRADE NEGOTIATIONS AND IN GENERAL IS TO ENCOURAGE FREER TRADE UNDER FAIRER INTERNATIONAL RULES. TODAY'S WORLD ECONOMY IS SO INTERDEPENDENT THAT THIS IS THE ONLY WAY FOR EACH NATION TO ASSURE ITS OWN ECONOMIC WELL-BEING. WE'RE NOT GOING BACK TO PROTECTIONISM. IN THE LAST FEW MONTHS, THE U.S. HAS STARTED TO CORRECT THE TRADE DEFICIT. BUT THE ONLY WAY TO REDUCE IT PERMANENTLY IS TO STOP WASTING AND IMPORTING SO MUCH OIL, TO FIGHT INFLATION, AND TO ENCOURAGE AMERICAN FIRMS TO EXPAND EXPORTS. THAT IS WHY CONTROLLING OUR ENERGY PROBLEMS AND INFLATION ARE AT THE TOP OF OUR PRIORITY LIST THIS YEAR. MY ADMINISTRATION WILL CONTINUE TO TAKE ACCOUNT OF HUMAN RIGHTS AND THE INDIVIDUAL NEEDS OF U.S. INDUSTRIES IN DETERMINING TRADE POLICY.

HUMAN RIGHTS

OUR HUMAN RIGHTS POLICY HAS MADE A DIFFERENCE FOR THE BETTER; THAT IS THE IMPORTANT THING. IT HAS HELPED CHANGE ATTITUDES THROUGHOUT THE WORLD, AND MORE IMPORTANTLY, IT HAS HELPED CHANGE THE ACTIONS OF GOVERNMENTS. LARGELY BECAUSE THE UNITED STATES HAS ONCE AGAIN BEGUN TO EXPRESS ITS MOST BASIC PRINCIPLES IN A FIRM, CLEAR VOICE, EVERY COUNTRY ON EARTH KNOWS THAT ANY INFRINGEMENT OF HUMAN RIGHTS IS GOING TO BE SEEN AND SCRUTINIZED AND JUDGED BY THE CONSCIENCE OF MANKIND. THE EFFECT MAY NOT BE INSTANTANEOUS, BUT BECAUSE GOVERNMENTS KNOW OF OUR CONCERN AND KNOW THAT THEIR ACTIONS CANNOT BE HIDDEN FROM THE EYES OF THE WORLD, TENS OF THOUSANDS OF PEOPLE HAVE BEEN RELEASED FROM JAILS OR SPARED FROM TORTURE.

FAST FACTS ON THE ECONOMY

- More Americans now employed than at any time in history (94.4 million -- July, 1978)
- Unemployment rate in July, 1978 was 6.2%, lowest since 1974.
- In last year, the unemployment rate has fallen 0.7 percentage points, or by about 10 percent
- Since the month before you took office, the unemployment rate has fallen 1.6 percentage points and the number of unemployed has been reduced by 17 percent.
- Inflation rate (CPI) for all goods and services:
 - 4.8 percent in 1976
 - 6.8 percent in 1977
 - 10.4 percent first half of 1978.
- Inflation of food prices:
 - 0.6 percent in 1976
 - 8.0 percent in 1977
 - 18.4 percent first half of 1978.
- Average hourly earnings index, Private Nonfarm Business Sector:
 - 7.1 percent year ending July 1977
 - 8.1 percent year ending July 1978.
- Housing starts, in June 1978, up 0.9 percent from previous month, up 8.7 percent from June, 1977.
- Real GNP growth, annual rate:
 - 5.5 percent in 1977
 - 0.1 percent First quarter, 1978
 - 7.4 percent Second quarter, 1978 (Commerce Department estimate)
- Federal Funds Rate:
 - 4-5/8 percent December 1976
 - 6-1/2 percent December 1977
 - 7-7/8 percent Most recent quotation.

BLUMENTHAL'S POWER ERODES FURTHER

Once again there is growing talk in Washington questioning the ability of Treasury Secretary W. Michael Blumenthal to perform his duties in the face of continued sniping at his authority by the White House. Time and again, Blumenthal's credibility has been zapped publicly in what can only be interpreted as calculated moves by senior White House staff to undercut his power and responsibilities.

The latest blow came last week, when Presidential Press Secretary Jody Powell appeared to repudiate Blumenthal's efforts to make a deal on capital-gains tax cut proposals that have snarled the President's tax bill. Despite President Carter's adamant opposition to a cut in the capital-gains levy, even in diluted form, Blumenthal has been trying to negotiate a compromise with liberal members of the House Ways & Means Committee. The goal was to find a cheaper, compromise capital-gains formula that could command a majority on the committee, and thus unblock action on the broader tax legislation.

But Powell, in an obvious attempt to head off the Treasury Secretary, made a point of telling reporters that Blumenthal was not authorized to commit the President to a deal.

The reverberations are still apparent. House Speaker Thomas P. O'Neill Jr. (D-Mass.), in a remarkable statement, acknowledged that he was aware that Blumenthal was working on a capital-gains compromise, but "whether he has the support of President Carter, I don't know." In short, no matter what the outcome of Blumenthal's efforts, it will be perceived, on the Hill at least, as another initiative at cross purposes with the White House.

That kind of congressional reaction is a kiss of death in power-conscious Washington. There is very little doubt that the latest White House rebuke has had the effect of virtually destroying the Treasury Secretary's ability to lobby Congress, and it will weaken his role as the Administration's chief economic spokesman to boot.

As a result, there is increasing speculation about Blumenthal's ability to stay on the job. Blumenthal, who lacks the gift for cultivating easy personal relationships, has never been popular with Carter's closest associates, including Powell and chief political aide Hamilton

Jordan. And the Treasury Secretary has lost some highly publicized fights in the past, including one with Stuart Eizenstat, the President's domestic adviser, over how far to push for tax reform.

Few tears would be shed if Blumenthal goes, either on the Hill or in the business community, since his record as a lobbyist for Treasury programs and his management of the dollar on international markets have been repeatedly criticized.

But a number of things have kept the lid on so far. In the first place, Blumenthal has been deeply involved in shepherding Carter's troubled tax bill through Congress, and obviously no action is likely until that is completed. In addition, the departure of a major Cabinet department head will only raise the possibility of more resignations, further damaging the Administration's troubled image.

Last of all, there is the question of succession, even if Blumenthal goes. The potential candidates are not plentiful at the moment. So far the Washington rumor mill has produced only five names. Two of them had been mentioned early in the Carter Presidency: Bank of America President A. W. Clausen and Irving Shapiro, Du Pont Co. chairman. Both men are understood to have turned down the job before.

Another name is G. William Miller, who has impressed Washington in his first months as the new chairman of the Federal Reserve Board. And the most recent possibility is Felix Rohatyn, the New York investment banker who resigned last week as chairman of New York's Municipal Assistance Corp.

The most prominent possibility is Robert S. Strauss, the President's chief trade negotiator and inflation fighter. Strauss gets along famously with the President, with the White House staff, with Congress, and with the business community. And he would be delighted to head a big Cabinet department.

But the problem is timing. Strauss is under consideration for a major role in Carter's reelection campaign. There is no way he can hold a high government post and handle Carter's political strategy at the same time. So he seems likely to leave his present posts around mid-1979 and any new government assignment may have to wait.

Capital wrapup

PEOPLE: The abrupt disappearance of Peter G. Bourne from the White House, victim of a drug scandal, is being mourned by at least one group of political operatives. The labor unions have lost the closest ally they had in the fight for a comprehensive national health insurance program. Although Bourne lacked any real clout when it came to shaping Presidential policy, he was committed to labor's program and put in a lick for it whenever he could.

BUREAUCRACY: Zero-based budgeting, which has bedeviled executive agencies all through the government ever since President Carter instituted the system last year, is still alive and well. The Administration, in fact, is thinking of extending it. Budget managers are experimenting with zero methodology that cuts across agency lines for the first time, and two pilot studies may determine whether the technique could ever be seriously used to eliminate duplication in government programs and to set priorities for the tangled federal bureaucracy. The Environmental Protection Agency and the Energy Dept. are comparing programs that promote and regulate coal use, while EPA, the Occupational Safety & Health Administration, the Health, Education & Welfare Dept., and the Consumer Product Safety Commission are conferring on plans to conduct research into toxic substances. . . . The likelihood of a government-wide job freeze imposed by the White House is growing. The rumors first hit last week, and federal agencies have been hustling to process pending new hires in anticipation of an announcement.

REGULATIONS: A dozen industries—including food processing and ferroalloy production—will soon get an unexpected break from the Environmental Protection Agency. After studying costs, the EPA will lower some standards for nontoxic water pollutants. The agency thinks the changes should save industry \$100 million.

Wishing can't make it so

Riding on the momentum generated by the victory of Proposition 13 in California, Representative Jack F. Kemp (R-N.Y.) and Senator William V. Roth Jr. (R-Del.) are trying to promote the taxpayer revolt into a national movement. They are sponsoring legislation that would arbitrarily reduce federal income taxes by one-third in three years, regardless of what that did to the federal budget.

A great many people in the U. S. seem to believe in miracles and magic, especially where federal finances are concerned. To such people, the Kemp-Roth proposal will look totally plausible and irresistibly attractive. But, in fact, it would be a completely irresponsible way to approach the federal budget problem, and it would generate an inflation that would destroy the value of the currency.

Tax cuts should be the reward for tight control of spending and a gradual reduction in the proportion of national income that the government preempts. The Kemp-Roth proposal would give the public the reward and postpone the cost-cutting.

Backers of Kemp-Roth have worked up some flaky arithmetic to support their claim that the tax cuts would generate so much economic growth that the budget would eventually come into balance (page 62). This is pure wishful thinking in an economy that is nudging its capacity limits and running at a 10% annual inflation rate.

Proposition 13 may have forced cutbacks on California municipalities, but the local governments can look to the state for help. The U. S. federal government is not a municipality. When its revenues do not match its spending, it borrows the difference, often using the Federal Reserve to create the money. Kemp-Roth boosters who argue that the best way to put a lid on spending is to shut off the revenue are solemnly asserting that wishing will make it so.

Kemp-Roth would add \$100 billion to a deficit that is already dangerously swollen. It would touch off an inflationary explosion that would wreck the country and impoverish everyone on a fixed income. If taxpayers want to revolt and cut taxes, they must force sizable cuts in spending first.

A code for subsidies

As the long negotiations for a new international trade agreement drag toward a close, one of the stickiest issues that remains to be solved is export subsidies (page 24). The U. S. gives its producers no special breaks in the form of cash payments, loans, or tax rebates. It is seeking agreement on a code that would ban some practices outright and make others subject to review by a multinational board.

The Europeans and Japanese, who have used a variety of subsidies and special supports for exports, are about ready to go along with a ban on outright subsidies. But they are wary about the U. S. idea of putting

practices that tend to operate as subsidies on an "indicative list" of things that might be appealed to the new review board.

The basic issue here is the difference between the U. S. market-oriented economy and the semi-socialized systems that much of the rest of the world has adopted. The U. S. negotiators should stick with their demand for a ban on practices that give overseas producers an advantage that has nothing to do with efficiency or production costs.

A U. S. company has to raise its own capital, cover its costs, and pay its taxes in full. But a government-owned competitor can tap the national treasury whenever its cash runs out. And a producer supported by special government loans or tax rebates can shave its prices to move the goods. In effect, countries that subsidize industry, either directly or by the back door, can keep their factories going and export their unemployment.

Unless all exporters play by the same rules, U. S. producers are likely to find themselves competing against governments rather than against other companies. This has happened in steel, in airlines, and in other industries.

Negotiations are always a matter of give and take. The U. S. will have to give something this time. But it should not yield on the subsidy code.

Insiders and outsiders

Like Jeb Stuart's cavalry, which romped across the supply lines in McClellan's rear, the White House staff seems to take particular pleasure in cutting Cabinet departments off from the center of government. The latest victim of these tactics is Treasury Secretary W. Michael Blumenthal.

Recognizing that the sentiment in Congress is to improve the treatment of capital gains and trying to salvage something from the wreckage of President Carter's tax proposals, Blumenthal was probing the possibility of a compromise with Congress. At the crucial moment, the White House cavalry thundered over him. "The President," Press Secretary Jody Powell told reporters, "has authorized no one to commit him to any sort of compromise in this area."

Because the Treasury Secretary is the chief financial officer of the U. S. government, investors look to him for a definition of economic targets; the financial markets watch every move he makes; and business determines what economic policy is from what he says. It is nonsense for the Secretary to appear before Congress and not be representing official Administration policy.

Other Cabinet officers have suffered similar isolation. For this seems to be the style of the Carter Administration. Increasingly, the power to make decisions—to the extent that decisions are made—is being concentrated in the White House staff.

And increasingly, the Carter Administration is losing touch with the country. Its inputs are limited to old Georgia friends. It suffers painfully from underexposure to different points of view and expert judgment.

THE WHITE HOUSE
WASHINGTON

August 4, 1978

Secretary Adams

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: The Vice President
Stu Eizenstat
Jack Watson
Jim McIntyre

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
/	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

/	VICE PRESIDENT
/	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
/	WATSON
	WEXLER
'	BRZEZINSKI
/	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

/	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

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THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

Good
J

NOV 11 1990

MEMORANDUM FOR THE PRESIDENT

THROUGH: Mr. Rick Hutcheson, Staff Secretary

FROM: Brock Adams

SUBJECT: Rail Restructuring Issues: Milwaukee Road and D&H

As you know, consolidation, coordination and reduction of excess rail facilities is a cornerstone of my policy toward the railroad industry. We have been pursuing "restructuring" agreements through use of my specific authorities as mediator under the 4R Act and by giving coordination projects priority in our rail assistance program. The 504/901 Report now under review at OMB includes a full and formal statement of this restructuring policy, aimed at developing an efficient private sector freight system.

I am pleased to report major progress in restructuring activities in the Midwest and West. In June I announced an agreement between the Chicago & Northwestern and the Milwaukee Road for reduction of competition in three markets and trackage coordination in a fourth.

Today the Milwaukee Road and the Union Pacific are announcing that they have begun negotiations toward purchase by the Union Pacific of portions of the Milwaukee Road west of Butte, Montana. This is a highly significant step. The purchase would take the Milwaukee out of its transcontinental service, which the Milwaukee Trustee believes is a large drain on its resources. It would reduce the number of rail competitors in large parts of the Pacific Northwest from three to two (Burlington Northern and Union Pacific), and it would improve transcontinental service--due to the Union Pacific's superior facilities--while permitting deployment of Milwaukee's scarce locomotive and car fleet in the agricultural Midwest.

The Milwaukee Road's Trustee, Mr. Stanley Hilman, has moved swiftly in this matter, and I have given him my strong support.

We also reached a crossroads yesterday on the Delaware and Hudson. Three years ago USRA had hoped the D&H would provide an alternate link, competitive with Conrail, between New England and Buffalo, Harrisburg, Philadelphia, and Alexandria, Va. D&H has not been able to meet this challenge. USRA's Board has "saved" it several times in recent months, against Treasury's and my advice and vote. In the USRA Board meeting yesterday, I announced that our policy was against supporting nonessential, duplicative services and corporate entities. If the governments in the New England and New York regions wish to take on the burden of ownership and support of competing rail lines, that is their business.

The Administration has requested \$1.3 billion in new funding for Conrail and we likely will have to use our 4R Act authority to change Conrail's structure. We will consider service in New England in the course of this restructuring, but "saving" the D&H from bankruptcy with federal funds will not serve the public interest.

The Board voted to deny the D&H's request for additional federal funds. I expect the D&H will soon go into bankruptcy, although it may first make an attempt at Congressional rescue. A hearing on the D&H is scheduled for August 15 before the House Subcommittee on Surface Transportation. Even if the D&H goes into bankruptcy, the railroad may run out of cash within the next few months. My Department will probably be faced with a decision on whether to fund D&H operations under the Emergency Rail Services Act of 1970. We have let the Congressional Committee staffs (and the USRA Board) know that we would have great difficulty making the statutory findings that the D&H is reorganizable and adequate security for the federal investment is available. Another possible mechanism to continue D&H rail service with federal funds is through the use of an ICC directed service order in which another railroad is paid to operate D&H service. The ICC believes this to be an expensive option, one never tested on a railroad of this size, and would prefer not to be faced with such a decision.

I will keep you advised of developments.

THE WHITE HOUSE
WASHINGTON

August 4, 1978

Anne Wexler

The attached was returned today and
is forwarded to you for your information.
The original has been sent to Stripping
for mailing.

Rick Hutcheson

cc: Stripping

THE WHITE HOUSE

WASHINGTON

August 3, 1978

MEMORANDUM FOR RICK HUTCHESON

FROM: ANNE WEXLER *AW*

I have already sent a number of letters to veterans' group leaders thanking them for their work and support in the Turkish arms embargo effort. I suggest the following three men receive personal notes from the President:

Erle Cocke, Jr.

Robert Charles Smith
National Commander
The American Legion

Major General J. Milnor Roberts (Ret.)
Executive Director
Reserve Officers Association of the U.S.

Suggested letters are attached.

THE WHITE HOUSE

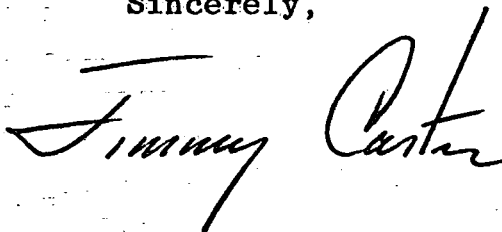
WASHINGTON

August 3, 1978

To Erle Cocke

I want to express to you my personal appreciation for your efforts with regard to the Turkish arms embargo. Your work was vital to this important national issue.

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned below the word "Sincerely,".

Mr. Erle Cocke, Jr.
1629 K Street N. W.
Washington, D. C. 20006

Thanks!

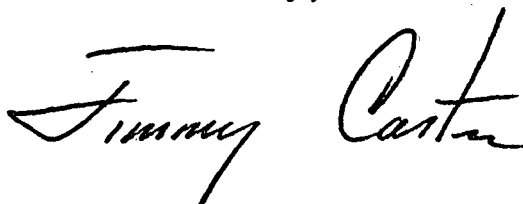
THE WHITE HOUSE
WASHINGTON

August 3, 1978

To Major General J. Milnor Roberts

I want to express to you my personal appreciation for your efforts with regard to the Turkish arms embargo. Your work was vital to this important national issue.

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned below the word "Sincerely,".

Major General J. Milnor Roberts (Ret.)
Executive Director
Reserve Officers Association of the U.S.
1 Constitution Avenue, N. E.
Washington, D. C. 20002

Thanks!

THE WHITE HOUSE

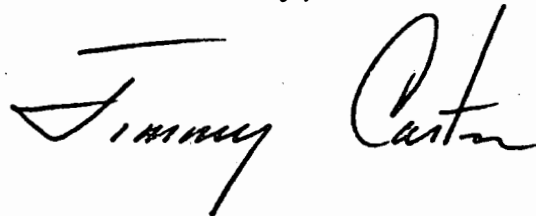
WASHINGTON

August 3, 1978

To Robert Charles Smith

I want to express to you my personal appreciation for your efforts with regard to the Turkish arms embargo. Your work was vital to this important national issue.

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned below the word "Sincerely,".

Mr. Robert Charles Smith
National Commander
The American Legion
1608 K Street, N. W.
Washington, D. C. 20006

Thanks!

THE WHITE HOUSE
WASHINGTON

August 4, 1978

Frank Moore

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON

*Lone
J*

AUGUST 4, 1978
FRIDAY - 4:15 p.m.

MR. PRESIDENT

BILL BONER WON THE
DEMOCRATIC NOMINATION
TO REPLACE CLIFFORD
ALLEN. YOU MIGHT
WISH TO CALL AND
CONGRATULATE HIM.
(THE WHITE HOUSE
OPERATORS HAVE
BONER'S NUMBER.)

JIM FREE

THE WHITE HOUSE
WASHINGTON

August 4, 1978

Hamilton Jordan

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

THE WHITE HOUSE

WASHINGTON

August 4, 1978

done
J

MEMORANDUM TO:

THE PRESIDENT

FROM:

HAMILTON JORDAN *U.S.*
STEVE SELIG

SUBJECT:

Civil Service Reform/Heath Larry

Heath Larry, President of the National Association of Manufacturers, has been and continues to be the most visible and consistent supporter of your policies in the business community. Some of the issues that he has been supportive on include: (a) public support for the Panama Canal Treaties in the face of much opposition within his own Board of Directors; (b) he has made a number of public speeches supporting your foreign policy; (c) they have agreed to oppose the filibuster on natural gas; (d) they support airline deregulation; (e) they have just issued a favorable press release supporting your National Health Insurance principles.

Concerning the Civil Service effort, the NAM has issued a "red alert" to their entire field staff. They are contacting their legislative response network of 3,000 people who have been asked to contact various NAM members who have particular influence with individual Members of Congress.

You will recall that you met privately with Heath Larry on November 16, 1977, and that Mr. Larry is the former Vice Chairman of the Board of U.S. Steel. He is on a personal basis with the major business leaders of the country.

Heath Larry could be asked to make any number of phone calls to business leaders around the country or to individual Members of Congress and he, undoubtedly, would respond favorably.

Larry should be asked to target NAM's efforts on Stevens, Mathias and Baker in the Senate, and on Rhodes in the House. He should keep Steve Selig informed of NAM's results.

P.S. Ask Him To Continue Pressure Across The Board But To Focus Temporarily On Mathias, Baker + Stevens.

TO: DIVISION VICE PRESIDENTS AND PA DIRECTORS

August 2, 1978

FR: Bonnie Whyte

RE: Civil Service Reform

cc: Regional Managers, Burton, Hardy, Rathbun, NIC, Pulizzi, PA Dept.

HEATH LARRY HAS REQUESTED THAT NAM KEY CONTACTS CALL OR WIRE THEIR REPRESENTATIVES ON THE CIVIL SERVICE REFORM BILL, HR 11280. MR. LARRY IS SENDING A LETTER THIS WEEK TO ALL REPRESENTATIVES IN SUPPORT OF THE PRESIDENT'S ORIGINAL PLAN, BUT OPPOSING TWO PROVISIONS WHICH WERE ADDED IN COMMITTEE. THE FOLLOWING MESSAGE SHOULD BE SENT TO YOUR LEGISLATIVE RESPONSE NETWORK.

THE ADMINISTRATION'S ORIGINAL CIVIL SERVICE REFORM PLAN, HR 11280 HAS RUN INTO A SNAG. THE HOUSE POST OFFICE AND CIVIL SERVICE COMMITTEE ADDED TWO PROVISIONS, WHICH ARE STRONGLY OPPOSED BY NAM. THESE OBJECTIONABLE PROVISIONS, WHICH WILL BE SUBJECT TO FLOOR VOTE ARE:

1. TITLE VII, THE FEDERAL SERVICE LABOR-MANAGEMENT RELATIONS SECTION WHICH EXPANDS LABOR'S INFLUENCE OVER THE SERVICE FAR BEYOND ITS PRESENT POSITION.

2. HATCH ACT REPEAL.

THE HOUSE WILL VOTE ON THE MEASURE ON WEDNESDAY AND THURSDAY, 8/9-10. YOUR SUPPORT IS NEEDED TO INSURE PASSAGE OF CIVIL SERVICE REFORM - BUT TO OPPOSE THESE TWO OBJECTIONABLE FEATURES. WE ASK NAM MEMBERS TO CONTACT THE 12 REPRESENTATIVES BY LETTER, WIRE OR PHONE.

THE WHITE HOUSE
WASHINGTON

8/4/78

Mr. President:

Should I schedule a
lunch for you with the Sr.
staff on Monday? Hamilton
said you mentioned this to
him.

Phil

A handwritten signature, likely "Phil", written in dark ink. The signature is stylized, with a large, looped 'P' and a short, horizontal stroke at the end.

THE WHITE HOUSE
WASHINGTON

~~SUSAN~~

THIS WAS LEFT ON THE
TABLE --WHEN THE PRESIDENT
MET WITH CHARLIE SCHULTZE.

NELL

Unemployment Rate

	<u>Percent</u>
1978 January	6.3
February	6.1
March	6.2
April	6.0
May	6.1
June	5.7
July	6.2

Change in Employment,
Nonfarm Establishments

	<u>(thousands)</u>
1978 January	290
February	327
March	509
April	668
May	243
June	301
July	264

Change in Total Hours Worked
Nonfarm Establishments

	<u>(Percent change, annual rates)</u>
1978 January	-13.5
February	9.7
March	25.1
April	11.6
May	-3.0
June	5.1
July	5.1

Industrial Production
--monthly change--

	<u>Percent</u>
1978 January	-0.7
February	0.3
March	1.2
April	1.5
May	0.6
June	0.3
July	(0.3)

THE WHITE HOUSE

WASHINGTON

August 4, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: FRANK MOORE *F.M./BR*

SUBJECT: 1978 Elections.

Since the last Cabinet meeting, at which you discussed our general proposals for political travel by the Members of the Cabinet, my staff has been meeting with the Cabinet schedulers. At each of a series of hour-long meetings, we have explained in detail the political outlook for the regions on our list and we have discussed specifically where we want to send each Cabinet member. We have received excellent cooperation from the schedulers.

I think that it is important that you briefly mention this at the Cabinet meeting on Monday and at each Cabinet meeting throughout the pre-election period. The Cabinet Members should be reminded that you are personally taking an interest in these trips, and that you and the First Lady met last week to review again your own plans.

They should be asked again to keep their schedules as open and flexible as possible between now and November, so that we can handle any last-minute requests or changes, in addition to what has already been scheduled.

We will give you a report next Wednesday showing what has been scheduled so far.

cc: Jack Watson

Tim Kraft

THE WHITE HOUSE
WASHINGTON
August 4, 1978

Stu Eizenstat
Bob Lipshutz

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been given to Bob Linder for appropriate handling.

Rick Hutcheson

cc: Bob Linder
PAN AM WORLD AIRWAYS - DOCKET 33092

C

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*
BOB LIPSHUTZ *BJ*

SUBJECT: CAB Decision: Pan American World
Airways Docket 33092

This CAB order would suspend for one year increases of up to 10 percent for first class fares between the U.S. and South America. The CAB recommends disapproval of the fare increase because Pan Am continues to set excess baggage charges based on excess weight rather than on the number of baggage pieces carried. The CAB has consistently refused to allow first class fare increases under these conditions.

All agencies and we recommend that you approve the decision by taking no action. The decision becomes final unless you disapprove it on or before Saturday, August 5, 1978.

Approve ✓
(Ali Recommend)

Disapprove _____

JC

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

C
/

CHARLES L. SCHULTZE, CHAIRMAN
LYLE E. GRAMLEY
WILLIAM D. NORDHAUS

August 3, 1978

EYES ONLY

MEMORANDUM FOR THE PRESIDENT

FROM: Lyle E. Gramley *LEG*

Subject: Employment and Unemployment in July

Tomorrow (Friday, August 4) at 9:00 a.m. the Bureau of Labor Statistics will release figures on employment and unemployment in July. As in June, the numbers contain some surprises.

The unemployment rate in July jumped 0.5 percentage points, to 6.2 percent, completely wiping out the June decline of 0.4 percentage points. Household employment fell by almost 400,000 in July, following a huge rise of 700,000 in June. The reductions in employment in July were concentrated among adult males and teenagers. Unemployment rose proportionately more for whites (from 4.9 to 5.3 percent) than for blacks (from 11.9 to 12.5 percent).

Last month, we thought that the June numbers on employment and unemployment did not square with other indicators of economic activity. We knew they might reflect a statistical aberration, but we could not be sure. The July figures indicate quite clearly that that was the case. In all probability, problems of seasonal adjustment led to an overstatement of the June rise in employment and to a sharp drop in unemployment. A reversal then occurred in July.

	<u>Changes in Employment</u> <u>(Thousands)</u>	<u>Unemployment Rate</u> <u>(Percent)</u>
January	22	6.3
February	122	6.1
March	263	6.2
April	535	6.0
May	311	6.1
June	707	5.7
July	-394	6.2

The fact that June was an aberration can be more clearly seen by looking at employment and unemployment figures over the year to date (see table). Apart from the June figure, the unemployment rate has remained in a range of 6.0 to 6.2 percent over the past 6 months. Monthly employment gains this year have been erratic, but the average monthly gain in June and July taken together (313,000) was larger than the average of the first five months (251,000).

The July figures do not mean, therefore, that demand for labor has collapsed. July data on payroll employment confirm this. Employees on the payrolls of nonfarm businesses rose 264,000 last month, following a 313,000 gain in June. And aggregate hours worked by production workers at these establishments increased 0.4 percent in July -- the same as in June.

The July data do confirm, however, that the pace of economic expansion has slowed somewhat in recent months. For example, in March and April employment in manufacturing increased by an average of 70,000 per month, and the length of the work week increased substantially. Since then, the average rise of employment in manufacturing has been about 30,000 a month, and the workweek has not increased further.

One bit of good news in the July labor market data -- wage rates have continued to show more moderate rates of increase recently than was the case around yearend 1977 and early 1978. Over the past 3 months, average hourly earnings have risen at an annual rate of just 6.8 percent, which is actually lower than the rate of increase during the comparable period of 1977. The index of average hourly earnings is erratic, and next month may bring bad news. But this is the first hopeful sign on the wage-price front in many months.

August 4, 1978

Office of the White House Press Secretary

THE WHITE HOUSE

President Carter met today with Ministers from the Association of Southeast Asian Nations (ASEAN) who are holding their first U.S.-ASEAN Ministerial Meeting in Washington from August 2-4. The President said that the United States fully supports ASEAN efforts to encourage economic, social and cultural cooperation among its members and to promote peace and stability in Southeast Asia. He expressed admiration for ASEAN economic progress. The President told the ASEAN ministers that the United States was prepared to embark on a long-term process of cooperation with ASEAN. The United States will respond to ASEAN's own regional priorities and programs and has agreed to set up consultative arrangements in key economic areas such as aid, energy, science and technology, food, business affairs and trade.

Philippine Foreign Minister General Carlos P. Romulo, the spokesman for ASEAN, noted that this first joint ministerial meeting represented the culmination of intensive preparations and consultations between ASEAN and the United States. The meeting, he added, was an open dialogue on the range of international issues and afforded an excellent opportunity to improve understanding and set up long-term consultative arrangements. General Romulo said the meeting reinforces the partnership and friendly relations that exist between the United States and ASEAN.

Besides General Romulo, ASEAN was represented by Ministers Widjojo and Radius, and Ambassador Ashari of Indonesia; Minister Rithauddeen and Ambassador Zain of Malaysia; Ministers Marcos, Virata, Sicat and Peterno, and Ambassador Romualdez of the Philippines; Ministers Rajaratnam and Goh, and Ambassador Coomaraswamy of Singapore; and Ministers Pachariyangkun, Amarand and Srihibhadh, and Ambassador Visessurakarn of Thailand; ASEAN Secretary-General Abdullah; and Ambassador Manalo, ASEAN-U.S. Coordinator of the Philippines.

On the U.S. side, besides President Carter, Secretary Blumenthal of Treasury, Deputy Secretary Christopher of State, Dr. Zbigniew Brzezinski, Assistant to the President for National Security Affairs, Ambassador Henry Owen and Nicholas Platt of the National Security Council, Under Secretary Richard Cooper and Assistant Secretary Richard Holbrooke of State, and Anthony Gerber, State Department ASEAN-U.S. Coordinator attended.

#

9:43 AM

THE WHITE HOUSE

WASHINGTON

August 3, 1978

MEETING WITH CONGRESSIONAL CANDIDATE, ROBERT ATSUI (3rd--CA)

Friday, August 4, 1978

9:43 a.m. (2 minutes)

The Oval Office

FROM: FRANK MOORE *Fm/BR*

I. PURPOSE

A photo with the President.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

- A. Background: Robert Matsui is the Democratic candidate for Congress in the 3rd District of California. The seat is being vacated by the Dean of the California delegation, John Moss, who has represented the District for some 26 years. The District includes Sacramento and several of its suburbs. This District has the 5th highest proportion of public employees in the country. This factor has given the 3rd a strongly Democratic tradition. It also means that Proposition 13 is a very prominent issue here.

Matsui, 36, is a Sacramento City Councilman of Japanese descent. His family was interned during the Second World War. He was an upset winner in the June 6 primary in which he spent over \$150,000. Matsui was the least well known of the three candidates in the primary. He ran a very aggressive campaign using extensive and creative television advertising.

Matsui's opponent is County Supervisor, Sandy Smoley. She is one of the best women candidates in the country and is receiving national attention. She is the reason the Republican National Committee is targeting this District with such an overwhelming Democratic registration. On July 20, Gerald Ford appeared on her behalf and raised an estimated \$100,00. This was the first of Ford's campaign appearances for House candidates this election year. Smoley has been elected twice to the Board of Supervisors. No party labels are used in these races, giving Smoley a non-partisan image.

Matsui's central concern is money and he has been in town all this past week visiting with political groups.

B. Participants: The President and Robert Matsui

C. Press Plan: White House Photographer

III. TALKING POINTS

A. Usual courtesies

B. His request that you come to Sacramento and campaign for him

9:40 AM

THE WHITE HOUSE

WASHINGTON

August 3, 1978

MEETING WITH REPRESENTATIVE JOHN J. MCFALL (D-14-California)

Friday, August 4, 1978

9:40 a.m. (2 minutes)

The Oval Office

From: Frank Moore

J. M. IBR

I. PURPOSE

Campaign photo opportunity on the occasion of the signing of the Department of Transportation Appropriations Bill, H.R. 12933.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

Background:

Representative McFall is Chairman of the Appropriations Subcommittee on Transportation.

Participants:

The President

Representative McFall
Frank Moore
Bill Cable

Press Plan:

White House Photographer

III. TALKING POINTS

You appreciate his hard work on this bill.

9:45 AM

THE WHITE HOUSE

WASHINGTON

August 3, 1978

BILL SIGNING CEREMONY - H.R. 11504
AGRICULTURAL CREDIT ASSISTANCE ACT OF 1978

Friday, August 4, 1978
9:45 a.m. (10 minutes)
The Rose Garden (474 EOB if rain)

From: Frank Moore *F.M/BR*

I. PRESS PLAN:

Full press coverage.

II. TALKING POINTS:

See attached

III. PARTICIPANTS:

The President
The Vice President

SENATE

Senator Henry Bellmon
Senator Robert Dole
Senator Thomas Eagleton
Senator Warren Magnuson
Senator Robert Morgan
Senator John Sparkman
Senator Milton Young
Senator Edward Zorinsky

SENATE STAFF

Henry Casso
Jim Giltmier
Bill Motes
Carl Rose
Morgan Williams

HOUSE

Congressman William Alexander
Congressman Berkley Bedell
Congressman E. de la Garza
Congressman Glenn English
Congressman Floyd Fithian
Congressman Tom Foley
Congressman Dan Glickman
Congressman Tom Harkin
Congressman Edward Madigan
Congressman Leon Panetta
Congressman Charles Rose
Congressman Neal Smith
Congressman Jamie Whitten

HOUSE STAFF

Robert Bor
John Hogan
William Imhof
Glenda Temple

DEPARTMENT OF AGRICULTURE

Secretary Bob Bergland
Assistant Secretary Alex Mercure

Larry Meyers (Office of Governmental & Public Affairs)
Bill Wright (Office of Governmental & Public Affairs)

Gordon Cavanaugh (Farmers Home Administration Personnel)
James E. Lee (" " " ")
James Loughran (" " " ")
James Thornton (" " " ")
Sara Yager (" " " ")

INTEREST GROUPS

John Datt
American Farm Bureau

John B. Davenport
National Rural Electric Cooperatives Association

Derl I. Derr
American Bankers Association

Duke DuMars
Midcontinent Farmers Association

C.T. (Terry) Fredrickson
Farm Credit Administration

Pat Healy
American Milk Producers

Reuben Johnson
Farmers Union

Mary McLane
National Grange

C.W. (Bill) McMillian
National Cattleman's Association

Johnathan R. Nunn
Independent Bankers Association of America

Oren Lee Staley
National Farmers Organization

Paul Weller
Farmer Cooperatives

IV. ADDITIONAL INFORMATION

You should commend the following Members of Congress for their special work on this legislation. Of these following Members, Zorinsky and Foley will be the only ones in attendance, and if time permits you should ask them to speak.

The late Senator James Allen (D-Ala), who was Chairman of the Subcommittee on Agricultural Credit and Rural Electrification. (Sen. Maryon Allen is unable to attend).

Senator Ed Zorinsky (D-Nebr) replaced Sen. James Allen on the Committee.

Cong. Ed Jones, Chairman of the Subcommittee on Conservation and Credit.

Senator Herman Talmadge, Chairman of the Senate Agriculture Committee

Cong. Thomas Foley (D-Wash), Chairman of the House Committee on Agriculture.

TALKING POINTS

THE WHITE HOUSE

WASHINGTON

August 3, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: JIM FALLOWS, ACHSAH NESMITH 

SUBJECT: Talking Points for Bill Signing of
Agricultural Credit Assistance Act of 1978

1. This bill represents a significant improvement and strengthening of the farm credit program of the Federal government. Indeed, it is the most comprehensive and far-reaching farm and rural credit bill enacted in 40 years.

-- it updates past authorities to bring them in line with today's farm credit needs, which involve large investments in land and machinery and high operating costs. Farming has always been a gamble with weather and other natural disasters, but the costs of getting in and staying in the game have risen sharply in recent years.

-- it provides an emergency loan authority to help those farmers caught in the cost-price squeeze of the past 2 or 3 years. For some the ability to refinance debt incurred during this period of low farm prices and constantly rising costs may be the only means of continuing in farming.

-- it creates a special low-interest credit program for beginning and low-income farm families.

2. American farmers are not looking for a government hand-out. To the contrary, they are among the most independent, industrious people on the face of the earth. They legitimately ask only two things from their government:

-- Fair and reasonable prices for their products in the marketplace. Thanks to the Food and Agricultural Act of 1977 we are beginning to realize this goal.

-- Access to the resources required by today's sophisticated farming practices. The bill I sign today helps assure farmers of access to one of the most critical of these resources -- capital.

3. This Act complements the 1977 Farm Act and enables us to target assistance to those who most need it in a way that commodity programs cannot do. It is a responsible use of taxpayer money. This program involves no hand-outs, but instead gives farmers an opportunity to pay their own way.

4. Finally, I would like to make special note of the very fine cooperation that has prevailed between the Congress and the Administration in the design of this legislation. I believe the far-sightedness and imagination that is evident in this bill amply demonstrates the value of a cooperative and constructive attitude on the part of our two branches of government.

#

THE WHITE HOUSE
WASHINGTON

8/4/78

Mr. President:

The VP wanted you to
know that he has not been
able to talk with Cong.
Reuss but will keep trying
to reach him.

Phil

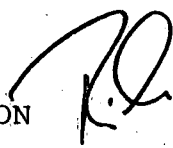
sk
J

THE WHITE HOUSE
WASHINGTON

4 August 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

RICK HUTCHESON 


SUBJECT:

Status of Presidential Requests

MCINTYRE:

1. (6/16) Work on Strauss suggestion that all departments develop plans for cutting back on travel expenses by 20-25% -- In Progress, (with Senior Staff, expected 8/8).

LIPSHUTZ:

1. (7/24) Jack Watson has requested additional personnel to accommodate interagency and urban program coordination. Work this out with Jack and Hugh -- Done, (Hugh has made 5 slots available, Jack is now interviewing). 

BRZEZINSKI:

1. (6/21) Ask your staff and ACDA to prepare an assessment of Foreign Affairs article on SALT -- In Progress, (Zbig is holding until your next SALT meeting).

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
/	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
/	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

8:30 PM

THE WHITE HOUSE

WASHINGTON

MARINE CORPS RECEPTION AND PARADE

Marine Corps Barracks

Friday - August 4, 1978

Attire: Business Suit

From: Phil Wise

SEQUENCE

8:30 p.m.

You and Mrs. Carter board motorcade on South Grounds and depart en route Marine Barracks.

(Driving Time: 12 minutes)

8:42 p.m.

Motorcade arrives Marine Barracks (G Street entrance).

PRESS POOL COVERAGE
CLOSED ARRIVAL

You and Mrs. Carter will be met by:

General and Mrs. Louis H. Wilson, (Jane)
Commandant, United States Marine
Corps

You and Mrs. Carter, escorted by General and Mrs. Wilson, proceed inside Commandant's Residence and informally greet the following reception guests:

Secretary of Defense and Mrs. Harold
Brown (Colene)

Secretary of Agriculture and Mrs. Bob
Bergland (Helen)

Senator and Mrs. Dewey Bartlett (Ann)

Secretary of the Navy and Mrs. W.

Graham Claytor (Frances)

*

2.

Secretary of the Army and Mrs. Clifford
Alexander (Adele)
General and Mrs. Robert Barron (Patty)
Assistant Commandant, U.S.
Marine Corps
Lt. Gen. and Mrs. Lawrence Snowden
(Martha), Chief of Staff,
U.S. Marine Corps
Mr. and Mrs. Tom Scott, President, Union
First Federal Savings & Loan,
Guests of the Commandant
Mr. Phil Yeckel, Guest of the Commandant

8:50 p.m.

Reception guests proceed
to their seats.

8:53 p.m.

You and Mrs. Carter, escorted by General
and Mrs. Wilson, depart Commandant's
Residence en route announcement area.

8:55 p.m.

You and Mrs. Carter arrive announcement
area and pause.

Ruffles and Flourishes
Announcement
"Hail to the Chief"

You and Mrs. Carter and General and Mrs. Wilson
proceed to Parade Grounds and take your seats.

PRESS POOL COVERAGE

9:00 p.m.

Program begins.
Two Bells
Assembly
Report
Officers Call
Barracks Mascot, Chesty V
Rampart Fanfare
Troop March On and Dress Right
Fix Bayonets
March of the Colors (audience
will stand)

Sound Off
 Slow March
 National Anthem (audience
 will stand)
 Manual of Arms
 Publish the Orders
 Officers Center
 Silent Drill
 Concert
 Honors to the President
 (audience will stand)
 Pass in Review (audience
 will stand)
 Retire the Colors (audience
 will stand)
 Officers Dismissed
 March Off
 Taps (audience will stand)

10:05 p.m. You and Mrs. Carter, escorted by General
 Wilson, proceed to greet the Commanding
 Officer of the Drum and Bugle Corps, Drum
 Major and Parade Officers.

PRESS POOL COVERAGE
 ATTENDANCE: 15

Sergeant Major of the Barracks
 McCormack requests you and Mrs.
 Carter to sign the Guest Book.

You and Mrs. Carter sign the Guest Book.

10:10 p.m. You and Mrs. Carter, escorted by General
 and Mrs. Wilson, depart Parade Grounds
 en route motorcade for boarding.

10:15 p.m. Motorcade departs Marine Corps Barracks
 en route South Grounds.

(Driving Time: 12 minutes)

10:27 p.m. Motorcade arrives South Grounds.



THE VICE PRESIDENT
WASHINGTON

August 4, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: THE VICE PRESIDENT *W. F. Sullivan*
SUBJECT: Meeting with Congressman James Corman

I met today with Congressman Corman, and believe some progress was made toward convincing him that his vote is needed and should be cast in favor of the natural gas compromise.

He is concerned that the chances for passing a COET-type tax the beginning of next year will be lessened by passage of the natural gas bill this year. He reasons that in order to secure the needed support of producers for passage of COET next year, a producer oriented, phased-deregulation gas bill will also be needed. He said he would be willing to help now if he is convinced that, on balance, the chances for passage of a COET-type tax in the next session will not be diminished by passage of the gas bill this year.

He seemed impressed by the argument that the kind of natural gas bill that would be passed next year would be far more costly to consumers than the compromise proposal now before the Conferees. If he can be convinced of the fact that the House, as a whole, is increasingly moving towards the position of decontrol, he may well be convinced to sign the Conference Report. It was pointed out to him that the natural gas bill passed the House over a year ago by only 18 votes. Just several weeks ago, Congressman Wright appeared to have the votes to deregulate over one-fourth of the nation's oil production as part of a stripper well amendment to the Department of Energy Authorization Bill. Only postponement of that Bill prevented the vote from taking place.

He was also urged to consider the fact that the real leverage in enacting a COET-type tax next year will come from the discretionary authority on oil pricing that becomes available to you in May of 1979. Once the industry realizes they will receive no additional

Memorandum to
the President

- 2 -

August 4, 1978

incentives under your discretionary authority until a COET-type tax is enacted, the producing interests in the Congress will be very interested in passage of a crude oil tax that could look very much like COET. It is this use of your discretionary authority, as opposed to a natural gas bill, that will provide the leverage for enactment of the kind of tax that Corman feels is essential.

In summary, I stressed that:

- Any natural gas bill the Congress passes next year is likely to be far more costly than the one that can be passed this year.
- You will have substantial leverage for enactment of a COET-type tax next year through the exercise of your oil pricing authorities.
- It is important to our position in the world, the Democratic party and the Presidency to pass a four-part energy bill, including natural gas, this year.

Jim Schlesinger will be meeting with Corman on Monday morning to reiterate these themes. He will provide you with further feedback in anticipation of a call from you to the Congressman.

MAJOR ISSUES IN
CURRENT PRESIDENTIAL ADULT MAIL
Week Ending 8/4/78

ISSUES	PRO	CON	COMMENT ONLY	NUMBER LETTERS
Support for Andrew Young's Statement re: Political Prisoners in the United States	15%	85%	0	365
Support for United States Intervention on Behalf of Russian Dissidents	74%	26%	0	313
Support for President's Proposal to Increase Aid for Financing Higher Education	2%	98%	0	248
Support for President's Position re: Capitol Gains Tax	5%	94%	1%	<u>209</u>
			TOTAL	1,135

THE WHITE HOUSE

WASHINGTON

August 4, 1978

1

MEMORANDUM FOR THE PRESIDENT

FROM: HUGH CARTER *HC*

SUBJECT: Weekly Mail Report (Per Your Request)

Below are statistics on Presidential and First Family:

<u>INCOMING</u>	<u>WEEK ENDING 7/28</u>	<u>WEEK ENDING 8/4</u>
Presidential	18,455	18,375
First Lady	1,190	1,250
Amy	185	170
Other First Family	60	45
TOTAL	26,890	19,840

BACKLOG

Presidential	5,380	2,465
First Lady	180	165
Amy	0	0
Other	0	0
TOTAL	5,560	2,630

DISTRIBUTION OF PRESIDENTIAL MAIL ANALYZED

Agency Referrals	7%	9%
WH Correspondence	48%	44%
Unanswerable Mail	19%	17%
White House Staff	5%	5%
Other	21%	25%
TOTAL	100%	100%

NOT INCLUDED ABOVE

Form Letters	5,016	3,211
Form Post Cards	8,700	2,500
Mail Addressed to White House Staff	16,566	16,575

cc: Senior Staff

THE WHITE HOUSE
WASHINGTON

4 August 1978

Patti--

For the record:

We sent letters to the 57 Senators who voted with us on the Turkish arms embargo. These letters were initiated by Dan Tate, who suggested that they should be signed by the President. All 57 were signed by him, and he made comments at the bottom of six of them. (See enclosed copies of those six letters.)

We also sent 208 letters to the House members who voted with us. These were initiated by Bob Beckel and were sent to the autopen, except for 11 which Beckel suggested the President should sign. He did sign those, but made no comments on any of them.

These eleven letters were to:

Lagomarsino	Solarz
Lehman	Robert Young
Wright	Hamilton
Derrick	John Anderson
Duncan	Rostenkowski
Pease	

The text of the letters to the House members was the same as that for the Senate.

Ev

THE WHITE HOUSE

WASHINGTON


July 28, 1978

To Senator Frank Church

Your vote to remove the arms embargo on Turkey was courageous and proper. I strongly believe that lifting the embargo will serve the best interests of the United States, Turkey, Greece, and NATO, and will contribute to a just and lasting settlement on Cyprus.

I personally appreciate your support.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jimmy".

The Honorable Frank Church
United States Senate
Washington, D.C. 20510

*Thanks for your
special help. J*

THE WHITE HOUSE

WASHINGTON

July 28, 1978

To Senator Lloyd Bentsen

Your vote to remove the arms embargo on Turkey was courageous and proper. I strongly believe that lifting the embargo will serve the best interests of the United States, Turkey, Greece, and NATO, and will contribute to a just and lasting settlement on Cyprus.

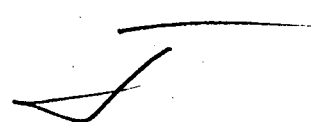
I personally appreciate your support.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jimmy", with a horizontal line above it.

The Honorable Lloyd M. Bentsen
United States Senate
Washington, D.C. 20510

*Your leadership was
vital.*

A handwritten signature in cursive script, appearing to read "J", with a horizontal line above it.

THE WHITE HOUSE

WASHINGTON

July 28, 1978

To Senator George McGovern

Your vote to remove the arms embargo on Turkey was courageous and proper. I strongly believe that lifting the embargo will serve the best interests of the United States, Turkey, Greece, and NATO, and will contribute to a just and lasting settlement on Cyprus.

I personally appreciate your support.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jimmy".

The Honorable George McGovern
United States Senate
Washington, D.C. 20510

*Your leadership was
crucial - J*

THE WHITE HOUSE

WASHINGTON

July 28, 1978

To Senator Sam Nunn

Your vote to remove the arms embargo on Turkey was courageous and proper. I strongly believe that lifting the embargo will serve the best interests of the United States, Turkey, Greece, and NATO, and will contribute to a just and lasting settlement on Cyprus.

I personally appreciate your support.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jimmy", with a horizontal line above it.

The Honorable Sam Nunn
United States Senate
Washington, D.C. 20510

*Thanks for your
extra help -*

A handwritten checkmark or stylized "J" mark.

THE WHITE HOUSE

WASHINGTON

July 28, 1978

To Senator Howard Baker

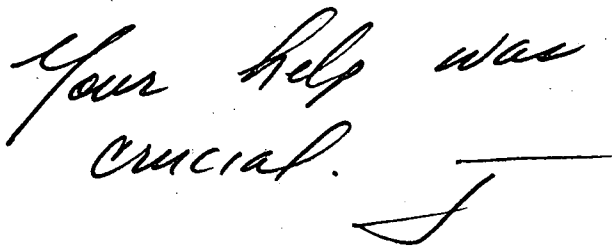
Your vote to remove the arms embargo on Turkey was courageous and proper. I strongly believe that lifting the embargo will serve the best interests of the United States, Turkey, Greece, and NATO, and will contribute to a just and lasting settlement on Cyprus.

I personally appreciate your support.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jimmy".

The Honorable Howard H. Baker
United States Senate
Washington, D.C. 20510

A handwritten note in cursive script that reads "Your help was crucial." followed by a large, stylized initial "J".

THE WHITE HOUSE

WASHINGTON

July 28, 1978

To Senator Bob Byrd

Your vote to remove the arms embargo on Turkey was courageous and proper. I strongly believe that lifting the embargo will serve the best interests of the United States, Turkey, Greece, and NATO, and will contribute to a just and lasting settlement on Cyprus.


I personally appreciate your support.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jimmy", with a long horizontal line above it.

The Honorable Robert C. Byrd
United States Senate
Washington, D.C. 20510

*Your leadership was
crucial.*

A handwritten flourish or signature consisting of a large, stylized letter 'J' or 'L'.

THE WHITE HOUSE
WASHINGTON

Mid E - Javier R. B. Coff

PRC

Callaghan / Turner

Trade & SU

ASEAN

Deep Trajectory - SA SLBM

Soviets in Cuba

Romney / SALT

?? from 8/3/78

Profit = service to others
than profit

Reddy

Fractionation Gilbert

SES - Van Cleve

Boards of Career employees

Ken Blaylock

Buckle

Protection

Spec Council

Mediation -

Ernest Fitzgerald

feather bedding - a key fear

Eleanor Fisher = Enhance image

Evangeline Jackson A 766

Gilbert Sandati - representation

CSA - immi

1873

1877

John Worley